

Message Text

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ORIGIN EB-08

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APPROVED BY EB/TEX:WBREW
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LABOR: EHABBERTON
STR: PMURPHY (INFO)
NEA/INS: JGRAHAME
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TO AMEMBASSY NEW DELHI PRIORITY
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E.O. 11652: N/A

TAGS: ETRD, IN

SUBJECT: BILATERAL TEXTILE AGREEMENT

REFS: (A) NEW DELHI 6063 (B) NEW DELHI 6062

1. ON FRIDAY APRIL 14 WE HAD A WIDE RANGING DISCUSSION
WITH MINISTER DIXIT CONCERNING TEXTILE PROBLEMS. WE
POINTED OUT TO HIM THAT OUR IMPORT DATA INDICATE THAT
INDIA IS RAPIDLY FILLING A NUMBER OF THE EXPORT LEVELS
ESTABLISHED FOR 1978 UNDER THE US-INDIAN TEXTILE AGREEMENT
AND HAD ACTUALLY EXCEEDED ONE LIMIT. WE NOTED THAT OUR
IMMEDIATE CONCERN REGARDED CATEGORY 342 (COTTON SKIRTS),
CATEGORY 465 (WOOL FLOOR COVERINGS), AND CATEGORY 359
(OTHER COTTON APPAREL). WE REMINDED DIXIT THAT ALL THREE
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OF THESE CATEGORIES WERE SUBJECT TO MINIMUM CONSULTATION
LEVELS WHICH WERE NOT TO BE EXCEEDED PRIOR TO A REQUEST
FROM THE GOI TO DO SO AND OUR APPROVAL OF A NEW LEVEL. WE
URGED DIXIT TO REQUEST INCREASES FOR CATEGORIES 342 AND
465 WITHIN THE NEXT FEW DAYS SO AS TO PREVENT THE POSSI-
BILITY OF EMBARGOES OF THESE PRODUCTS. WE INDICATED THAT
CATEGORY 359 WAS SOMEWHAT LESS URGENT.

2. ON TUESDAY, APRIL 18, FOLLOWING RECEIPT OF REQUESTS FROM THE INDIAN EMBASSY, WE EXCHANGED NOTES AMENDING THE US-INDIAN TEXTILE AGREEMENT SO AS TO INCREASE FOR THE CURRENT AGREEMENT YEAR THE CONSULTATION LEVELS FOR CATEGORIES 342 AND 465. THE NEW DESIGNATED CONSULTATION LEVEL (DCL) FOR COTTON SKIRTS (CATEGORY 342) IS 1,500,000 SQUARE YARDS EQUIVALENT (SYE) AND THE NEW DCL FOR WOOL FLOOR COVERINGS (CATEGORY 465) IS 800,000 SYE. WE DO NOT YET HAVE A REQUEST FOR AN INCREASE IN OTHER COTTON APPAREL (CATEGORY 359). DIXIT ASSURES US THAT HE WILL HAVE A REQUEST CONCERNING THAT CATEGORY BY MONDAY. WE HAVE NOT RECEIVED A REQUEST REGARDING AN INCREASE FOR CATEGORY 400 (WOOL TOPS AND YARNS) AND HAVE NOT DISCUSSED THAT CATEGORY YET WITH DIXIT. WHILE THE SITUATION REGARDING CATEGORY 400 IS LESS URGENT THAN THOSE CATEGORIES MENTIONED IN PARAGRAPH ONE, WE ASSUME THE GOI WILL WANT TO REQUEST A LEVEL HIGHER THAN THE 100,000 SYE MINIMUM CONSULTATION LEVEL.

3. AS POINTED OUT TO DIXIT, ACCORDING TO OUR LATEST IMPORT DATA, GROUP II (APPAREL, MADE-UPS AND MISCELLANEOUS) WAS FORTY PERCENT FILLED AS OF THE END OF MARCH. WE WILL TRY TO IDENTIFY INDIVIDUAL CATEGORIES WHICH MAY BECOME OVER SHIPPED IN TIME TO DISCUSS WITH DIXIT AND ALERT YOU TO POTENTIAL PROBLEMS AND WAYS THEY MAY BE EASED.
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4. WE HAVE ALSO DISCUSSED WITH DIXIT THE PROBLEM OF SIGNIFICANT INCREASES IN CERTAIN NEW TYPES OF INDIAN HANDLOOM EXPORTS. WE HAD AGREED WITH THE INDIANS IN DECEMBER 1975 THAT HANDLOOM PRODUCTS INCLUDING TERRY TOWELS AND BAR MOPS WOULD BE EXEMPT FROM THE PROVISIONS OF OUR AGREEMENT AS LONG AS SHIPMENTS CONTINUED AT HISTORIC LEVELS AND THIS PROCEDURE WAS NOT USED TO ESTABLISH NEW INDUSTRIES. AT THAT TIME WE REMINDED INDIAN EMBASSY OFFICIALS THAT GOI HAD TOLD US IN 1974 THAT THEIR HANDLOOM EXPORTS RAN ABOUT 6.5 MILLION SYE PER YEAR. THESE EXPORTS GREW TO 22.8 MILLION SYE IN 1977 OF WHICH 3.8 MILLION SYE WERE IN NEW PRODUCTS. DURING THE FIRST THREE MONTHS OF 1978, US IMPORTS OF THESE PRODUCTS FROM INDIA REACHED ALMOST 1.8 MILLION SYE. WE TOLD DIXIT THAT WE WOULD WANT TO DISCUSS THIS PROBLEM AND SPECIFIC MEANS OF RESOLUTION IN THE NEAR FUTURE. CHRISTOPHER

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